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Approved For Release 2005/06/28 : CIA-RDP81B00401R002100160001-4

0915, 7 Feb 79

25X1C

BRIEFING

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- I. Tab A: Iran/Middle East
- II. Tab B: International Oil
- III. Tab C: Vietnam/Cambodia
- IV. Tab D: Chinese Mil. Buildup
- V. Tab E: Sov. Activities
- VI. Tab F: Sov.-Chinese Order of Battle
- VII. Tab G: Sov. Forces Strategic Talking Points
Conventional Forces Outline follows
- VIII. Tab H: Questions
- IX. Tab I: DDO memo
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- XI. Tab K: Possible Handouts

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BACKUP
MATERIALS

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NSA review completed

NGA Review Completed.

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0900, 7 Feb 79

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BRIEFING

Briefer

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I. Iran/Middle East

II. International Oil

III. Current Vietnam/Cambodia Military Situation

- What is happening - force movement, general strength
- Vietnamese staying power
- Supply/re-supply issue
- Resistance

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Pose question:

How perceived in S.E. Asia?

IV. Chinese military buildup

- Attitude of Chinese
- Range of options
- Consequences: pol., mil., Amer. opinion
- Risks of Sov. intervention
- Competing considerations for Chinese

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V. Soviet activities relating to Viet./Cambodia

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- But no conspicuous moves to build-up
- Peace & freindship treaty
- Sov. presence in Gulf of Tonkin
- Cam Ranh Bay

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VI. Sov.-Chinese order of battle along frontier

- Danger of incursions
- Danger of war
- Would Soviets bring forces from west?

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- VII. -Know you have been recently briefed on SOV/PRC force balance, in particular on the Sino-Sov. border (have photos, graphics as back-up)
- Will pursue if you have additional interest?
 - Otherwise focus on items of international concern as well as on S.E. Asia

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5 February 1979

IRAN TALKING POINTS

- The ongoing talks between the Islamic opposition and the military hold the key to the resolution of the Iranian crisis. Ayatollah Khomeini's emissaries are trying to persuade the military to accept the creation of an Islamic Republic. If the military is persuaded that its prerogatives will be protected the generals may go along. If they feel their interests will be threatened the military will move to resist Khomeini. It will probably act cautiously--seeking to appear to be defending the constitution.
- Beside Khomeini the key players are Liberation Movement of Iran leader Bazargan, Khomeini's chief aide Mohammad Beheshti, Supreme Commander General Gharabaghi and SAVAK chief Moghaddam. Prime Minister Bakhtair is on the sidelines for the moment.
- If Khomeini moves precipitiously and the military overreacts the danger is great that there will be major violence, perhaps even civil war. Khomeini's principal lieutenants seem to recognize this danger and are urging a cautious and gradual approach.

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- The senior officers are undoubtedly concerned by the declining cohesion and loyalty of the military. Even some crack units are showing strain.
- If Khomeini establishes his Islamic Republic he will still face formidable challenges from pro-Shah diehards^{ARPS} in the military, separatist groups like the Kurds and Baluchis and the left wing of the opposition.
- The near total paralysis of the Iranian economy will pose enormous problems for a new government. The newly emergent labor movement will demand a role in decision-making commensurate with its part in bringing down the Shah.
- The greatest challenge the Islamic Republic may face will probably be to maintain its own cohesion and unity once in power. Over time infighting is likely to develop among Khomeini's lieutenants--divisions are already apparent between those who were with him in exile and the internal underground.

NB: Current Update attached + General Middle East Talking Points

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S E C R E T

6 February 1979

IRAN CURRENT TALKING POINTS

--Supporters of Islamic opposition leader Ayatollah Khomeini today staged demonstrations in Tehran calling on Prime Minister Bakhtiar to resign. [REDACTED] no reports of violence.

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--The military has made no comment yet on the appointment yesterday of Medhi Bazargan to lead Khomeini's provisional government. In an obvious effort to impress the opposition this morning, Air Force F-4s and helicopters made several passes over central Tehran.

--The appointment of Bazargan is the first formal step in Khomeini's campaign to oust Bakhtiar. [REDACTED]

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Possible moves include:

--A vote of no confidence in Bakhtiar by the parliament in the next several days.

--A call for civil servants to oust the current ministers and obey Khomeini nominees--

--A second vote in parliament to install Bazargan as Prime Minister.

--Military leaders continue to watch anxiously from the

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sidelines. [REDACTED] the senior officers have no fundamental problems to a change in the form of government so long as the change is done legally and gradually.

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--Since his return to Tehran, Khomeini has made numerous anti-American remarks. Khomeini seems to believe that if US diplomatic and military personnel were forced out of Iran the military would quickly come over to his side. Khomeini has stopped short of calling for attacks against Americans in Tehran, but his public remarks provide inspiration for violence. Xenophobia is running high and fanatical individuals and fringe groups need little encouragement to begin attacks.

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6 February 1979

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MEMORANDUM:

SUBJECT : Middle East Talking Points for Briefing

I. The turmoil in Iran has had wider impact. It has disrupted the power balance in the Persian Gulf, and increased security concerns among smaller Gulf states and traditional monarchs in the region.

Each asks, can it happen here?

A. --Iranian troops--symbol of Iran's protection--
are being withdrawn from Oman

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Bahrain fears
a spill over of unrest in Iran to Bahrain's large
Shia population; --Kuwait appears to have lost
the balancing factor that helped hold neighboring
Iraqi's territorial ambitions in check. --With
Iran's abdication from the role of Gulf policeman,
Saudi Arabia is under increased pressure to protect
the status quo in the Gulf.

B. The effect of Iran on Middle East peace process
is less predictable. While some argue that events
in Iran make imperative an early conclusion of a

comprehensive agreement, most Arab leaders appear to have concluded that delay is preferable to the risk of further splitting the moderate Arab camp and provoking a strong radical reaction to a bilateral Egyptian-Israeli treaty.

II. Iraq-Syria: The early prospect of an Egyptian-Israeli treaty last fall was the main catalyst for a rapprochement between Iraq and Syria, two traditional enemies.

A. Both oppose the Camp David Accords and fear that a treaty would leave them exposed to Israel, both militarily and politically.

B. Reconciliation is still in its embryonic stage. The pace is tied to some extent to the prospects for a treaty. Conclusion of a peace treaty would give momentum to the reconciliation. Conversely, the rupture of Egyptian-Israeli negotiations would lessen the drive for rapprochement.

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- IV. Taken together, both Iran and the tug of war over a peace treaty have, in the short run, left Middle East leaders with a profound sense of unease and a suspicion that major shifts in the regional power structure are under way. As a result, politics in the Middle East in 1979 are likely to be highly charged and fluid, with few leaders willing to close off options.
- V. In the Western Arab world the main preoccupations are internal problems or the Western Sahara dispute, which pits Morocco against the Polisario guerrillas backed by Algeria. Mauritania, Morocco's ally in the struggle for control of the Western Saharan territory, has dropped out of the struggle. A military stalemate has developed; Morocco is hopeful that a political settlement can be worked out with the new president of Algeria, Chadli Bendjedid.

1745, 5 Feb 79

TALKING POINTS ON INTERNATIONAL OIL

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I. Iran events have impacted world oil market

-Both near & long term supplies look tight

II. Near term major concerns

A. How long until Iranian production goes up and how much will it reach?

1. Won't reach pre-revolutionary levels

2. Other producers have taken up some, but not all slack

B. Consumer reactions will be important

1. Spot market prices up (some \$⁺5/barrel premiums)

2. Rebuilding stocks will put on more pressure

3. Hoarding is a danger

III. Medium & long term major concerns

A. Iranian production probably lower than in past

B. Iran's turmoil has frightened other important producers, e.g. Persian Gulf states & Mexico

Their attitudes shifting to slower development, hence less incentive to produce oil

IV. On balance

-Near term shortages could develop

-Even if not significant risk of shortages in early to mid-'80s

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Recent events, particularly in Iran, have drastically changed the situation of the world oil market. These events also have adverse implications for the medium and long term market picture.

The near term problem results from the fact that oil companies normally rebuild stocks in the second and third quarters when consumption is low in order to prepare for winter heating requirements. In the absence of increased supplies from Iran or reduced growth in petroleum consumption, serious shortages later this year clearly are a risk to consider. Isolated market shortages are already surfacing, especially in Western Europe, and prices are rising rapidly on the spot market. Some oil producers are moving to take advantage of the situation by selling more of their output on the spot market. At the same time, some of the industrialized nations are beginning to step up conservation efforts in response to the current market uncertainties.

There is little hope of significantly increased output from other producers in the near term.

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If low Iranian output persists or the Saudis cut production, price pressures would be intense. OPEC probably

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would raise real oil prices, which in turn would depress economic growth and demand for oil (while at the same time boosting inflation and unemployment). Indeed, the oil situation has increased the risk of a widespread economic downturn by yearend.

As for the medium- and longer-term, the first graphic, illustrates the most optimistic of the three scenarios showed you in my last briefing on this subject. It incorporates relatively low economic growth -- 3.75 percent annually -- for the OECD countries through 1985. Even in these circumstances our analysis shows that with constant real oil prices . OPEC oil supplies would be inadequate to meet normal demand through the mid-1980s. The Iranian situation makes matters even worse.

The second graphic takes recent events into account. We are using the same demand projections. But, you will note the downward shift in the OPEC supply curves and the more immediate market crunch. (We are using dotted lines to depict demand after it crosses supply because this demand could not be fulfilled.)

We now expect an acceleration in the long term decline of Iranian oil productive capacity. By



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Recoverability of oil production in Iran probably
will be held back by increased conservationist ten-
dencies and a need to resolve technical problems
at the oil fields. Continued political uncer-
tainty would, of course, be an additional
obstacle.

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Outside of OPEC, Mexico will be increasing its output, but probably not above 3.9 million b/d level we earlier projected for 1985. On the other hand, the Mexicans could produce as little as 3 million b/d if they don't find a market for natural gas and if they opt for slower economic growth. It is technically possible for the Mexicans to produce as much as 5 million b/d by 1985 but they are unlikely to want to produce this because: (1) they could earn ample foreign exchange to support high economic growth with lower oil output; (2) attempts to accelerate growth beyond this level would be highly inflationary; (3) avoidance of inflation through massive imports would impede industrial and agricultural development; and (4) massive expenditures could undermine political stability.

To sum up, we have made downward revisions in our OPEC oil supply projections, most significantly for Iran. Moreover, we are also less optimistic about the availability of non-oil energy supplies -- coal and nuclear -- than previously, and because the North Sea producers are adopting a more conservative production

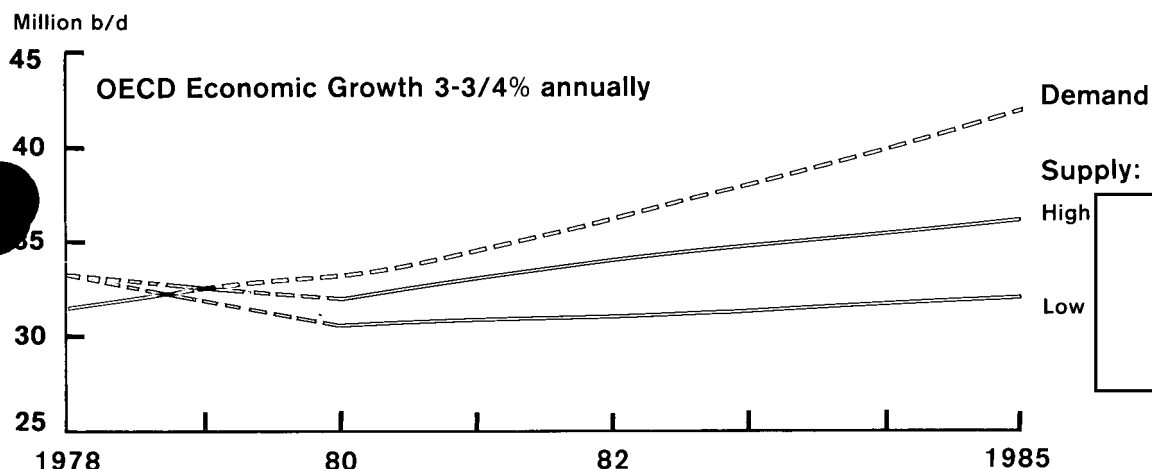
policy than we had expected. Oil demand could grow more slowly than expected earlier because of slow economic growth. But on balance we see a considerable risk of oil shortages this year, and a very high risk of a tight oil market in the early to mid 1980s.

A tight oil market will be manifested in rising real oil prices. This will encourage conservation and use of alternative sources of energy, but will also slow economic growth.

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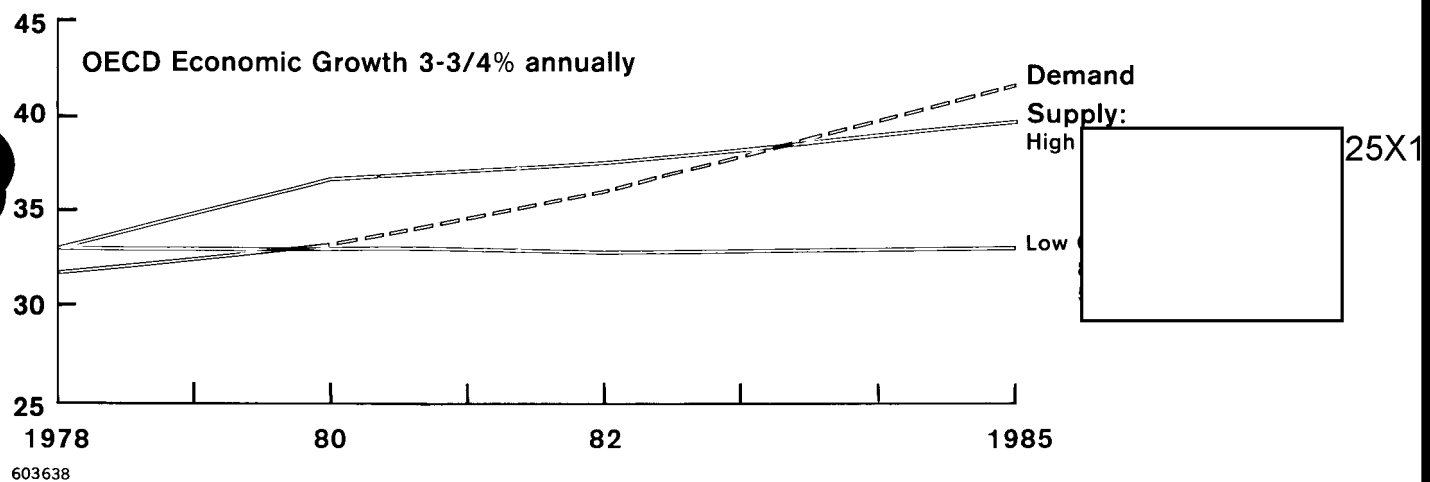
*HH colors to be
same as other*

OPEC Oil: Updated Scenario of Supply Demand Balance (January 1979)

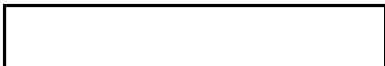


OPEC Oil: Scenario of Supply Demand Balance (August 1978)

Million b/d



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25X1A OUTLINE



KAMPUCHEA

RECAP VIETNAMESE INVASION
DISPOSITION OF FORCES
CURRENT SITUATION
ASSESSMENT OF KAMPUCHEAN RESISTANCE

VIETNAM

FEW TROOPS AVAILABLE ELSEWHERE
INSURGENT GROUPS INCREASE ACTIVITY

VIETNAM-CHINA

DETERIORATION THROUGHOUT 1978
VIETNAMESE BUILDUP AND AGGRESSIVENESS
HANOI'S BELIEF THAT CHINA WOULD NOT ACT AGAINST IT
CHINESE MILITARY BUILDUP SINCE LATE DECEMBER
OPTIONS FOR ATTACKING VIETNAM

CHINA-SOVIET UNION

NO BUILDUP ALONG SINO-SOVIET BORDER
COMPARISON OF FORCES
SITUATION IN SINKIANG MILITARY REGION
INCREASED SOVIET RECONNAISSANCE AND NAVAL FLEET
OFF HAINAN ISLAND

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Briefing

IV. Chinese Military Buildup

-- Attitude of Chinese: "Teach Vietnam a lesson", show that China is no "paper tiger".

-- Range of options

-- continue buildup but stand fast in hopes continued Kampuchean resistance will sap Vietnamese strength.

-- punitive strike limited in penetration and duration.

-- larger-scale attack intended to hold ground and draw in Vietnamese reserves.

-- full-scale attack on Hanoi, capitalizing on fact 16 of 31 VN main force divisions are in Kampuchea.

(latter of two options considered less likely, but Chinese have these capabilities.)

-- Consequences (which Chinese must consider)

-- Increased Soviet role in Vietnam (e.g., naval presence at Cam Ranh Bay).

-- Possibility of Soviet retaliatory attack on China - Sinkiang or even NE China.

-- Fact that Vietnam widely accepted as the aggressor in Kampuchea would be obscured.

-- Adverse effect on Asian opinion if Soviet role increases, and if larger conflict develops.

-- Adverse effect on U.S. opinion at time when normalization process is underway.

-- Risk that situation might turn into widespread conflict, with serious implications for China's vital modernization program.

-- Chinese evidently weighing these considerations

-- reports in early January of resolve to attack along lines of 1962 India war.

-- more recently, references to exercising restraint.

-- however, small-scale clashes still occurring on VN border, Chinese retain capability of attacking at any time.

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6 [] Briefing

V. The Soviet Stance

- Soviets have kept up drumfire of criticism of Chinese for provoking along Vietnamese border, but have thus far avoided directly addressing contingency of a Chinese military attack, much less characterizing it as imminent.
- Until mid-January, they were privately expressing doubt Chinese would attack.
- Since then there is evidence their concern is growing

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- We believe by now they have a good appreciation of the magnitude of the Chinese buildup
- There has been no evidence of any conspicuous Soviet military buildup along the Sino-Soviet border.
- Incremental force improvements, have been observed, but they are within normal expected limits

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- Most conspicuous moves have been naval.

-- At least six, possibly seven Soviet ships have been deployed or diverted to South China Sea, probably in reaction to tension on Sino-Vietnamese border. [REDACTED]

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-- Other ships bound for Pacific Fleet home bases from Indian Ocean have lingered several days east of Ho Chi Minh City enroute.

-- A Kresta Class cruiser, accompanied by a logistic stores ship, departed from Sea of Japan on 4 February and is probably enroute to South China Sea, possibly to serve there in a command and control role.

- Soviets probably now regard Chinese military action against Vietnam as a real possibility, but wish to avoid committing themselves in advance to any particular course of action.

-- They have not addressed any strong deterrent warnings to the Chinese

- In a 30 Jan broadcast to Asia on 29th anniversary of USSR-Vietnam relations they alluded to the consultations clause of the Sino-Vietnamese Treaty as "crucial in present conditions" but have otherwise not invoked it.

- We believe the Soviet response to any Chinese attack on Vietnam would be contingent on the extent and severity of the Chinese action and its political effects.

-- The Soviets may conclude that a shallow and short-lived Chinese incursion would not threaten important Soviet interests and might even generate political benefits for Moscow and Hanoi without requiring more than demonstrative measures of support for Vietnam short of military action.

-- A deeper and more sustained Chinese attack, however, would be more likely to evoke significant Soviet actions ultimately including some form of military action, probably measured, and more or less commensurate with Chinese action against Vietnam.

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IV. Pacific Fleet

A. Ships & a/c structured & trained to counter naval forces in Pac., esp. US

B. Concentration

-Petropavloysk

-Vladivostok

72 major surf ships

59 amph. ships

200 nav. combatants

Recon. fixed-wing a/c

23 nuc BM subs

7 mod nuc attack sub.

C. Operations

-In or nr local waters

-Sometimes training, reconn in Yellow Sea, E. China Sea & W. Pac.

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D. Expansion

-Expand force - continued

-Improve ASW

-Modernize combatants, ships, subs

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V. Gd. Forces

A. Total

- 1.8 m, 50 k tanks, 4700 comb G/c*
1. Sov have 170 tank, motorized rifle, & airborne Div. more than 100 deployed opp. NATO in E. Eur. and W. USSR
 - Of the remaining Sov. Div., ⁴⁴40 are along the Sino-Soviet border, and the rest are located in interior USSR; serve as a general reserve.
 2. Strength opp. NATO in ~~E. Eur. & the W. USSR~~ about 1,000,000 Sov. men; ³⁰30 K tanks & ³3 K combat a/c (Sov. & Pact)
 - NSWP forces total about 800,000 men, *11K tanks 2400*
 3. C. Eur. - locus of any decisive Pact-NATO confrontation
 - Just under ^{1/3}half the tanks opp. NATO are actually deployed with Sov. & Pact forces in peacetime in C. Eur.
 - About 2,500 of the combat aircraft are also in C. Europe

B. Far East

1. Inc. & strengthening forces in Far East; trend toward inc. firepower & mobility
2. In '64: 12 divisions in border
late 60's to early 70's: 39 divisions in border
3. Since '73 increased 5 more to 44 div. in Mongolia & 4 mil. dist. opposite China
 - New units in Far East
 - 2 new, 2 activated, & tank div. added
4. Deployment
 - a. 500 k troops total
 - Most opp. Shenyang Mil. Region
 - highest concentration - Far East

5. Strategy:
 - defend border; mount counterattack
 - e.g. have construc. static def. along border in likely areas of invasion

6. Improvements

- Inc. firepower:
 - Self-propelled guns
 - Self-propelled howitzers
 - New mobile systems
 - SA-6 replaces S-60
 - SA-9 mounted on tracked vehicle
 - Possible fielding of SS-22 tact. surf-to-surf missile
 - BMP armored personnel carrier
 - New multiple rocket launcher
 - Adding specialized units to forces
 - 2 heavy lift transport reqts.
 - Carry equip. closer
 - 9 Div. expanded artillery units assigned 6 multiple rocket launchers to combat req't.
 - New type of tank div.
7. 8 combat assault helicopter req'ts along border
5 have Hind-armed w/rockets, bombs, & anti-tank missiles
- Another in Far East w/Hind
8. New Interest in Kuril Is.
- Inc. air & sea-lift operations

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(New-type
Tank Photo)

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VII. Tactical Aviation

A. Numbers

4700 combat a/c exclud heli

30% in Mongolia, C. Asia, Siberian, Trans. & Far East

B.

C. Deployed Flogger & recon. type Foxbat

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BRIEFING TALKING POINTS

1. Soviet Ground and Tactical Air Forces

- ° The Soviets have about 1.8m men in their ground forces--most of which are opposite NATO

-- Strength opposite NATO (including Northern and Southern Flanks)

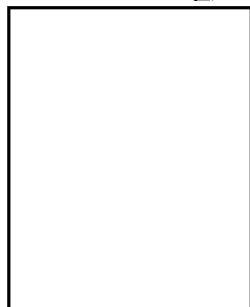
1,000,000	Men
100	Divisions
30,000	Tanks
3,000	Combat Aircraft

-- East European allies add another: .

800,000	Men
11,000	Tanks
2,400	Combat Aircraft

- ° The Soviets consider that the battle in Central Europe would be decisive and both sides have most forces of their forces targetted for this area.

Forces in Central Europe in Peacetime



	<u>PACT</u>
Men	1,195,000
Tanks	19,000
Artillery	6,800
Antitank	3,800
Combat Aircraft	2,900



- ° The Pact is close to its primary reinforcement area in the Western USSR and can rapidly reinforce in Central Europe.

2.

- ° Greatest expansion of Soviet forces over past ten years has taken place opposite China.
 - In 1964, Soviets had 12 divisions opposite China.
 - Major buildup took place in the late sixties.
 - By 1973 there were 39 divisions there.
 - Five divisions have been added since 1975 for a total of 44.



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- Soviet forces opposite China are outnumbered but enjoy a substantial advantage in firepower and mobility.



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-- Although Soviets have fewer aircraft these are more modern than the Chinese aircraft and have far greater capabilities.

- Most Soviet ground and tactical air forces concentrated in the Transbaykal and Far East Military Districts opposite China's Shenyang Military Region.



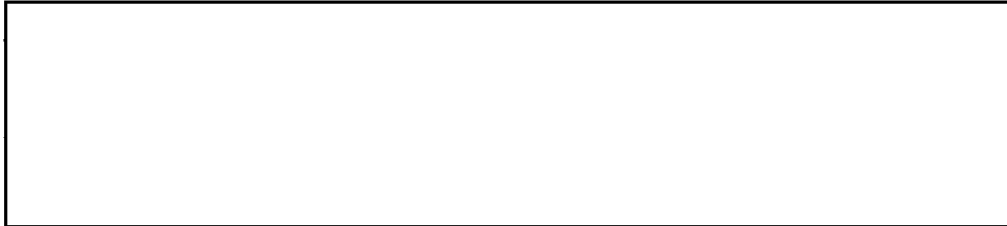
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3.

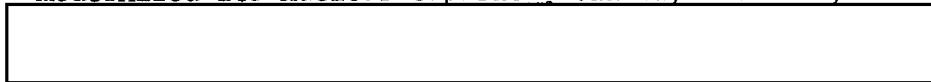
- ° The Soviets have modernized forces opposite China at about the same rate as forces opposite NATO.



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- ° Generally, modernization of Soviet and other Warsaw Pact forces has proceeded a steady pace; over the past year the Pact has:

- added some 2,500 modern T-64 and T-72 tanks and about 2,000 BMP infantry combat vehicles to the forces;
- increased artillery in some divisions;
- modernized its nuclear-capable artillery forces by



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- upgraded tactical air forces with some 500 MIG-23, MIG-27, SU-17, and SU-24 fighters and fighter-bombers. These swingwing aircraft have better range and payload characteristics than the aircraft they are replacing.

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